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The Dow Shuffle

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JMDinvestments

Wednesday, September 11, 2013

The Dow Shuffle

While it is viewed as a major stock market barometer, the Dow Jones Industrial Average only follows 30 companies, and every so often the set of companies changes. The recent shuffle eliminated Alcoa, Bank of America, and HP, while adding Goldman Sachs, Visa, and Nike. The primary reason was the low prices of the eliminated companies. While most indexes are value weighted, the Dow is price weighted, meaning lower priced stocks exert little influence. This is also the reason why Apple will likely not be added -- with its "high" stock price. [See a good summary here, Wall Street Journal.](#) [Read a good Q & A here, Yahoo! Finance.](#)

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